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EQUUS MINING LIMITED

ABN 44 065 212 679

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2020**

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EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

The Directors of Equus Mining Limited ('Equus' or the 'Company') and its subsidiaries (the 'Group') present their report together with the condensed consolidated interim financial report and the auditor's review report thereon for the half year ended 31 December 2020.

Directors

The names and particulars of the Directors of the Company at any time during or since the end of the half year are:

Mark Hamish Lochtenberg, Non-Executive Chairman

Director since 10 October 2014.

Mr Lochtenberg graduated with a Bachelor of Law (Hons) degree from Liverpool University, U.K. and has been actively involved in the coal industry for more than 30 years.

Mark Lochtenberg is Non Executive Director of recently listed Nickel Mines Limited and is the former Executive Chairman and founding Managing Director of ASX-listed Baralaba Coal Company Limited (formerly Cockatoo Coal Limited). He was a principal architect of Cockatoo's inception and growth from an early-stage grassroots explorer through to an emerging mainstream coal producer. He was also formerly the co-head of Glencore International AG's worldwide coal division, where he spent 13 years overseeing a range of trading activities including the identification, due diligence, negotiation, acquisition and aggregation of the coal project portfolio that would become Xstrata Coal.

Prior to this Mark established a coal "swaps" market for Bain Refco, (Deutsche bank) after having served as a senior coal trader for Hansen Neuerburg AG and as coal marketing manager for Peko Wallsend Limited.

Mr Lochtenberg is currently Non-Executive Director of public listed company Nickel Mines Limited, Director of Australian Transport, Energy Corridor Pty Limited and Montem Resources Limited. He was Managing Director of Pacific American Coal Limited and has previously been a Director of ASX-listed Cumnock Coal Limited and of privately held United Collieries Pty Limited.

John Richard Braham, Managing Director

Director since 13 November 2018

Mr Braham is an experienced Mining Finance and Investment professional with a 24-year career at Macquarie Bank, the last 11 of which were as an Executive Director within the Mining Finance Division.

John built and ran a successful mining finance business in New York for Macquarie Bank from 2001 to 2008, providing capital to the junior mining industry. This involved providing debt and equity to exploration companies and mine developers in both North and South America including companies operating in Argentina, Peru and Chile.

On returning to Australia, John built from scratch a successful bulk commodity finance business for Macquarie Bank which he ran from 2008 to 2015 based in Sydney. He was made co-head of Macquarie's global Mining Finance business in 2016. John left Macquarie Bank in 2017 to be Principal of JR Braham Consulting Pty Ltd which provides advice to junior resource companies seeking capital and he is currently Non-executive of public listed company Castile Resources Ltd.

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Damien John Koerber, Executive Director, COO

Director since 27 November 2019

Mr Koerber commenced with Equus in 2012 as exploration manager at the Naltagua copper project in Chile which brought considerable senior management and technical experience in the resources industry, from both in Australia and throughout South America.

Mr Koerber is a geologist with 30 years of exploration experience, mainly throughout and based in Latin America. He has held senior management and consulting exploration and business development positions in companies including Billiton Gold (Northern Territory and Western Australia), North (Chile), Rio Algom (Chile), Newcrest (Chile, Argentina and Peru), MIM (Argentina and Brazil), Patagonia Gold SA (Chile and Argentina) and Mirasol Resources (Chile and Argentina).

During his career, he has been directly involved in several discoveries including Cleo-Sunrise Dam (Western Australia), Tanami (Northern Territory), Union Reefs (Northern Territory) and Cap Oeste-COSE (Argentina).

Mr Koerber graduated from the UNSW (BSc. Geology Hons Class 1) in 1989 and is a bilingual, Australian geologist.

Robert Ainslie Yeates, Non-Executive Director

Director since 20 July 2015

Dr Yeates is a graduate of the University of NSW, completing a Bachelor of Engineering (Honours 1) in 1971 and a PhD in 1977 and then an MBA in 1986 from Newcastle University. He began his career with Peko Wallsend working in a variety of roles including mining engineering, project management, mine management and marketing.

He became General Manager Marketing for Oakbridge Pty Limited in 1989 following a merger with the Peko Wallsend coal businesses and went on to become Managing Director of Oakbridge, which was the largest coal mining company in NSW at that time, operating one open cut and five underground coal mines.

Dr Yeates also has gained operating, business development and infrastructure experience as a director of Port Waratah Coal Services (Newcastle Port), Port Kembla Coal Terminal, Great Northern Mining Corporation NL and Cyprus Australia Coal and for the past 20 years has been principal of his own mine management consultancy, providing a wide range of technical, management and strategic planning services to the mining industry. Until 2014 he was also Project Director then CEO of Newcastle Coal Infrastructure Group, which has developed and is operating coal export facilities in Newcastle.

Dr Yeates was until 2015 and for the prior ten years a director in ASX-listed Baralaba Coal Company Limited (formerly Cockatoo Coal Limited), and from 2016 to 2019 he was a director of Watagan Mining Ltd and from 2018 to early 2020 was a director of Montem Resources Limited.

Review of Operations

Corporate Activities

During the period ended 31 December 2020, the Company issued 388,888,889 new ordinary shares and 388,888,889 unlisted options in two tranches under a placement at an issue price of \$0.009 per share for a total consideration of \$3,500,000 before costs. For every one placement share subscribed investors received one attaching option. Each option has an exercise price of \$0.015 expiring on 16 September 2023 and vests immediately.

The Company announced on 20 July 2020, pursuant to the share placement to grant 15,000,000 options to brokers of the placement under the same terms and conditions as the options issued to investors in the placement.

On 25 November 2020, The Company issued 20,000,000 unlisted options to Mr John Braham as part of his employment agreement for the 12 month period to November 2020 as follows:

- 6,666,666 options exercisable at \$0.022 each vesting immediately and expiring on 25 November 2023;
- 6,666,667 options exercisable at \$0.025 each vesting immediately and expiring on 25 November 2024;
- 6,666,667 options exercisable at \$0.027 each vesting immediately and expiring on 25 November 2025;

On 25 November 2020, The Company issued 5,000,000 unlisted options to Mr Damien Koerber as follows:

- 1,666,666 options exercisable at \$0.022 each vesting immediately and expiring on 25 November 2023;
- 1,666,667 options exercisable at \$0.025 each vesting immediately and expiring on 25 November 2024;
- 1,666,667 options exercisable at \$0.027 each vesting immediately and expiring on 25 November 2025;

On 1 December 2020, The Company issued 2,500,000 unlisted options to the Group's Exploration Manager. Each option has an exercise price of \$0.022 expiring on 1 December 2023 and vests immediately.

On 9 December 2020, the Company issued 3,300,000 new ordinary fully paid shares to a supplier as consideration for Geological Technical Services provided in connection with the Cerro Bayo project in southern Chile.

Financial position and performance

The Group recognised a loss for the half year period ended 31 December 2020 of \$883,684 (31 December 2019: Loss \$1,116,062). The net assets of the Group at 31 December 2020 were \$10,803,252 (30 June 2020: \$7,876,272) including cash of \$2,597,439 (30 June 2020: \$1,304,130).

During the period Equus spent \$1,326,174 of cash in exploration and evaluation activities.

CERRO BAYO MINE PROJECT ACQUISITION OPTION

On the 7th October 2019, Equus executed an agreement with Mandalay Resources Corporation (TSX:MND, OTCQB: MNDJF) for a 3-year option to acquire Mandalay's Cerro Bayo Project in Region XI, Southern Chile which remains the company's key focus. The Cerro Bayo Project and infrastructure is optimally situated nearby Equus's Los Domos and Cerro Diablo Projects.

The Cerro Bayo mining project comprises of 29,495 hectares of mining claims which contains an existing 1,500 tpd processing plant through which historical production of approximately 645Koz Gold and 45Moz Silver¹ was achieved up until the mine's temporary closure in mid-2017.

The current owner Mandalay Resources has indicated it's plans to commence processing of low-grade stockpiles in late February 2021 at an initial rate of 40,000 tonnes per month via the commissioning of the 1,500 tpd flotation plant which is currently on care and maintenance².

Since entering into the option agreement Equus has completed extensive greenfield and brownfields exploration drilling programs across the project totalling 8886.45m in 47 diamond drill holes. At the Taitao Pit brownfields resource target area, evaluation of combined historical drilling and confirmatory drilling conducted by Equus totaling approximately 1,180 holes for a total of 112,139m culminated in the announcement of a Maiden Inferred Mineral Resource Estimate in December 2020 of 302,000oz Au Equiv. at 2.5 g/t Au Equiv (comprised of 227koz Au at 1.9 g/t Au and 5,844koz Ag at 48 g/t Ag)³

CERRO BAYO, LOS DOMOS AND CERRO DIABLO PROJECTS - CHILE'S REGION XI



¹ Based on Mandalay Resources Corporation, Cerro Bayo Mine NI 43-101 Technical Reports dated May 14, 2010. & March 21, 2017 Report #2699

² ASX Announcement – High-Grade Gold-Silver Results at Pegaso, Cerro Bayo Project <https://wcsecure.weblink.com.au/pdf/EQE/02340221.pdf>

³ ASX Announcement – Maiden Inferred Mineral Resource Estimate, Cerro Bayo Project <https://wcsecure.weblink.com.au/pdf/EQE/02325391.pdf>

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CERRO BAYO PROJECT

Over the half year period ended 31 December 2020 the company continued to execute its dual track strategy of leveraging brownfields resources and greenfield discoveries towards a near-term mine restart culminating in the announcement of the Maiden Inferred Mineral Resource Estimate at the Taitao Pit area in December 2020, which will form the basis of a mine restart study to be completed over the current 2021 calendar year⁴.

Mine restart studies are currently underway by an in-country third party consultant involving review of the development of brownfields resources and will include potential beneficiation solutions, mine scheduling and permitting. The company is working to a schedule for re-start studies to be completed during H1/2021.

TAITAO PIT

During April and May 2020, the Company completed 11 holes (totalling 1,384m) of resource confirmatory drilling beneath and peripheral to the Taitao Pit to confirm results and interpretations based on the large volume of historical drilling data the Company inherited as part of the Mandalay option agreement.

The Company reported the results of the drilling in mid-July, with significant intercepts at both NE Taitao (CBD034 & CBD030) and Central Taitao (CBD033) including:

- ▶ Hole CBD034: **28.6m at 1.14 g/t gold and 8.6 g/t silver** from 48m including; **7.65m at 2.27 g/t gold and 10.67 g/t silver** from 56.9m;
- ▶ Hole CBD030: **0.7m at 23.2 g/t gold and 111.0 g/t silver** from 15.9m
- ▶ Hole CBD033: **5.9m at 1.28 g/t gold and 24.4 g/t silver** from 50.34m

In December 2020, the Company announced a maiden Inferred Mineral Resource of 302,000 gold equivalent ounces at 2.5 g/t Au equivalent⁵ at the partially exploited Taitao Pit within the Cerro Bayo Project⁶, as reported in Table 1. The Mineral Resource estimate is classified and reported in accordance with the 2012 JORC guidelines.

Table 1 – Taitao Inferred Mineral Resource Estimate December 2020

	Cut-off grade (AuEq g/t)	Tonnes (kt)	Au (g/t)	Ag (g/t)	AuEq (g/t)	Au (koz)	Ag (koz)	AuEq (koz)
Open pit	0.8 g/t	2,915	1.6	38	2.1	148	3,602	194
Underground	2.0 g/t	901	2.7	77	3.7	79	2,242	108
Total - Inferred		3,816	1.9	48	2.5	227	5,844	302

Notes:

1. Mineral Resources are classified and reported in accordance with the 2012 JORC Code.
2. Mineral Resources are defined using a long-term gold price of US\$1,850 per ounce and a silver price of US\$24 per ounce.
3. Open pit Mineral Resources are reported at a cut-off grade of 0.8 g/t AuEq. Pit optimisation shells were used to constrain the resources.
4. Underground Mineral Resources are reported at a cut-off of 2.0 g/t AuEq beneath the open pit shells.
5. Gold Equivalents (AuEq) were calculated as $AuEq = Au + 0.0128 \times Ag$ based on a gold and silver price of US\$1,850/oz and US\$24/oz and recoveries of gold and silver of 86% and 85% respectively.
6. Epithermal vein domains are modelled between hangingwall and footwall contacts. No internal selectivity, minimum mining width or dilution has been applied.
7. Stockwork domains are modelled using a Selective Mining Unit (SMU) of X=2.5m, Y=5m, Z=2.5m. Dilution has been incorporated into the SMU.
8. A bulk density of 2.64 g/cm³ has been applied to the epithermal veins. A bulk density of 2.57 g/cm³ has been applied to the stockwork and waste domains.
9. Numbers may not add due to rounding

⁴ ASX Announcement 22 Dec 2020 - Maiden Inferred Mineral Resource Estimate, Cerro Bayo Project
<https://wcsecure.weblink.com.au/pdf/EQE/02325391.pdf>

⁵ Gold equivalent (AuEq) is based on the formula $AuEq\ g/t = Au\ g/t + 0.0128 \times Ag\ g/t$

⁶ ASX Announcement – Maiden Inferred Resource Estimate at Cerro Bayo
<https://wcsecure.weblink.com.au/pdf/EQE/02325391.pdf>

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The MRE was based on significant historical drilling and data undertaken and collected by previous owners including local Chilean subsidiaries of Freeport Mining, Coeur Mining and Mandalay Resources, as well as confirmatory drilling undertaken by Equus. Historical drilling was comprised of Diamond Drilling (totaling 693 holes for an approximate total of 65,580m), Reverse Circulation (487 holes for an approximate total of 46,559m) and Surface and Underground continuous rock channels (total of 566 channels for an approximate total of 4,293m).

The database of historical data has been validated and compiled by Equus Mining geologists and reviewed by a Chile based Competent Person who have reconciled a representative amount of available hardcopy drill logs and assay results against the digital drill hole database.

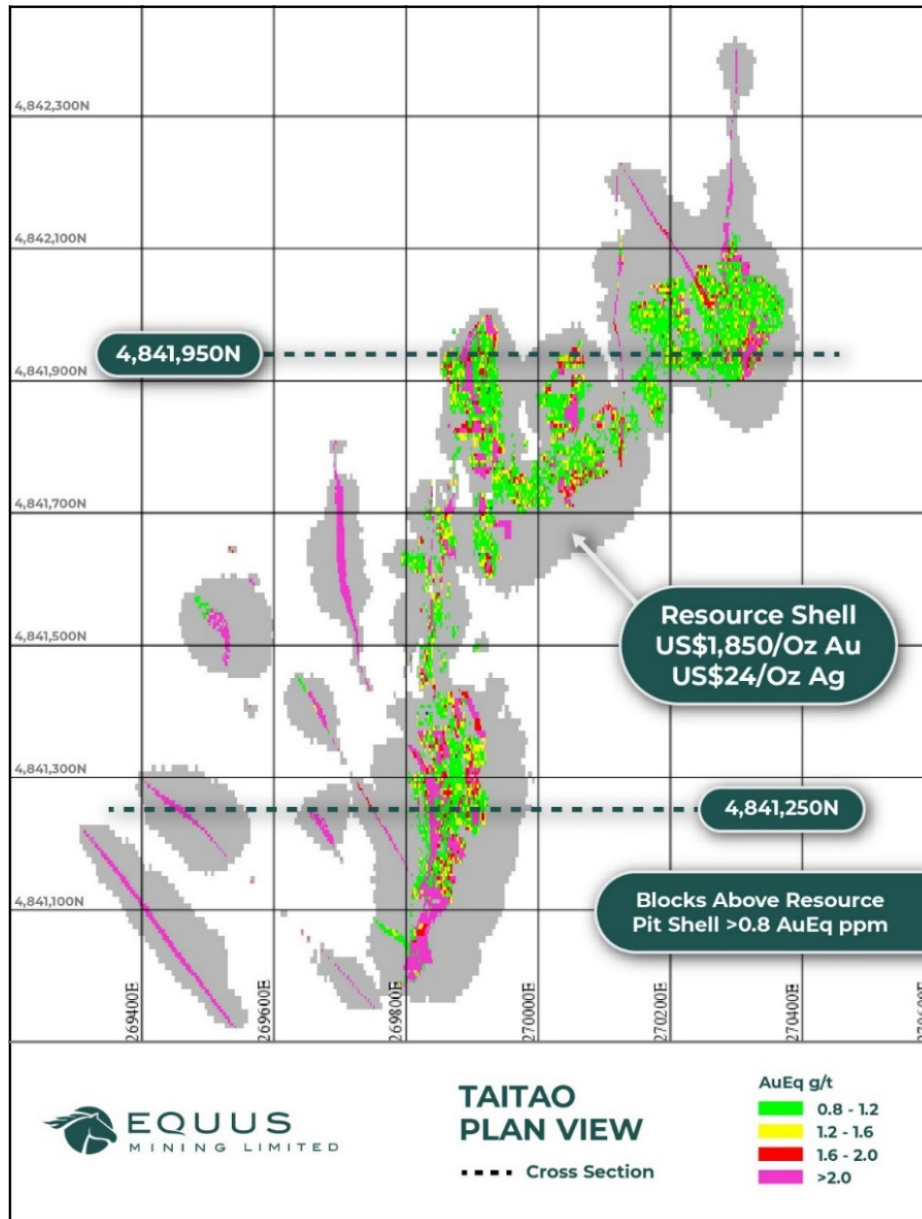


Figure 1 – Plan View of US\$1850 oz Au and US\$24 oz Ag Taitao pit optimisation resource reporting shell

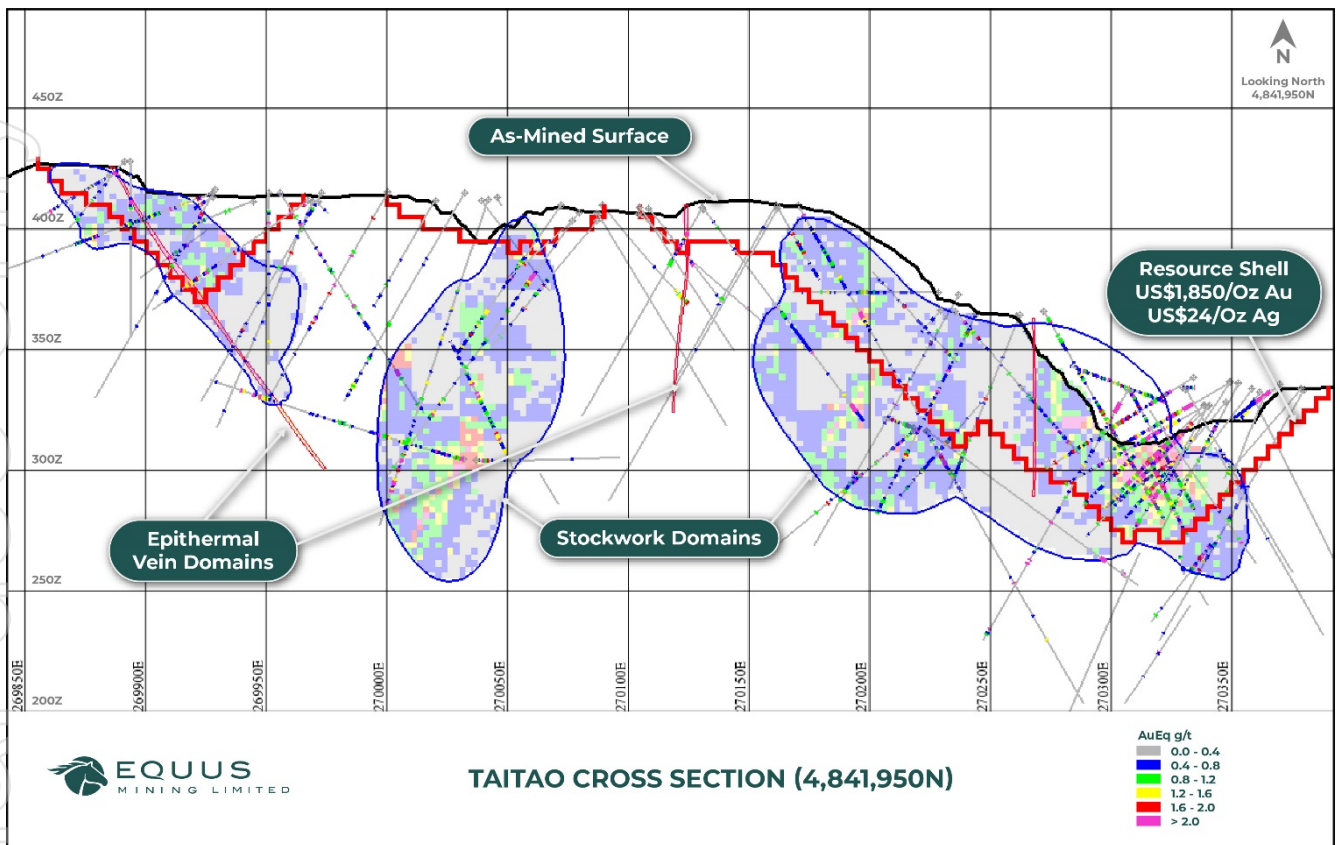


Figure 2 – Section 4,841,950N with US\$1850 oz Au and US\$24 oz Ag Taitao pit optimisation resource reporting shell

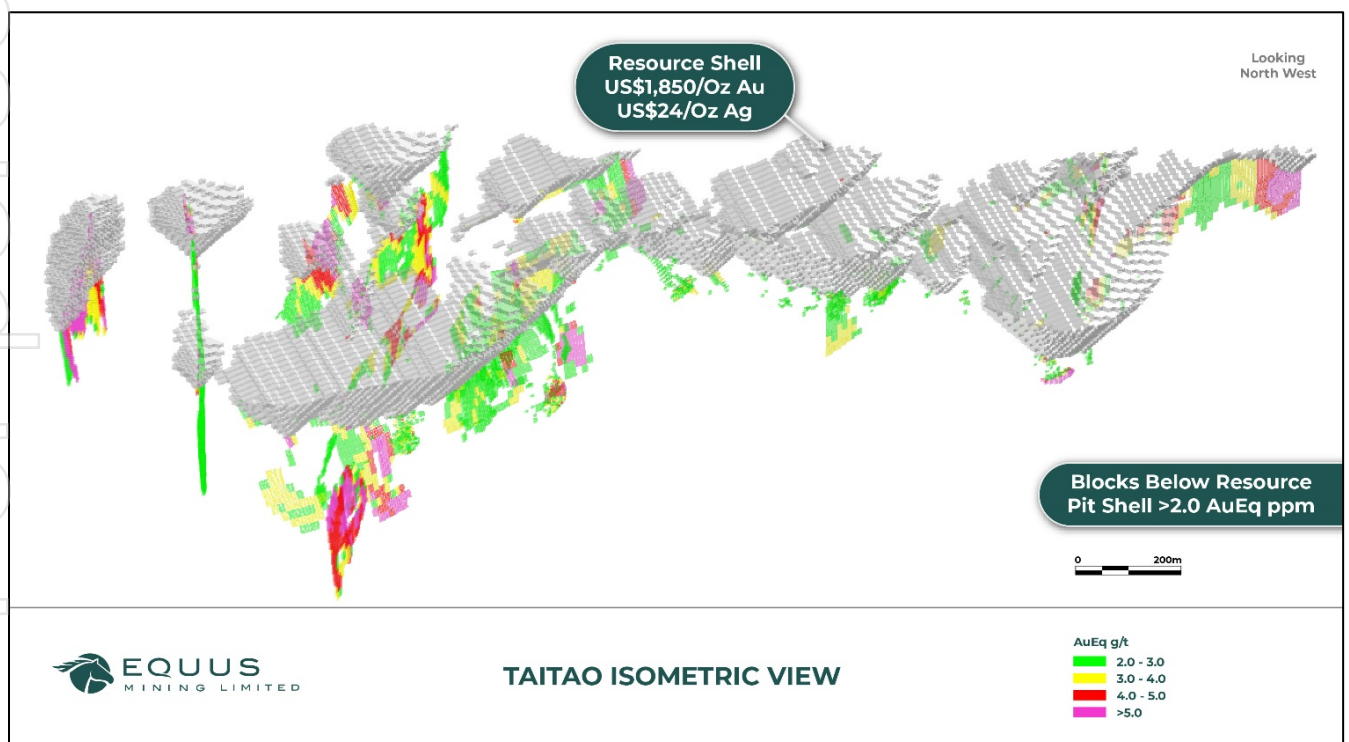


Figure 3 – Isometric view of blocks below US\$1850 oz Au and US\$24 oz Ag Taitao pit optimisation resource reporting shell

DIRECTORS' REPORT

Reporting of Historic Results From Taitao

Historical results referenced in this announcement are pre-2012 exploration results. The mining and exploration activity was undertaken from 1980-1989 by a subsidiary of Freeport Mining and subsequently from 1995-2000 (pre-JORC) by Coeur d'Alene Mines Corporation (now Coeur Mining or "Coeur"); initially from the Taitao open pit operations in the Laguna Verde area and then from underground operations in the Cerro Bayo area.

As per ASX requirements for reporting pre-1989 historical data, Equus notes that the results are not reported in accordance with the JORC Code 2012; a competent person has not done sufficient work to disclose the exploration results in accordance with the JORC Code 2012; it is possible that following further evaluation and/or exploration work that the confidence in the prior reported exploration results may be reduced when reported under the JORC Code 2012; that nothing has come to the attention of Equus that questions the accuracy or reliability of the former owner's exploration results, but Equus is in the process of independently validating the former owner's exploration results and therefore is not to be regarded as reporting, adopting or endorsing those results. The levels of gold and silver reported, from past drilling activity, is a key factor in guiding Equus's exploration strategy. The previous drilling activity, which produced these results, involved multiple reverse circulation and diamond drill holes and check assaying, providing Equus with confidence that the results are reliable, relevant and an accurate representation of the available data and studies undertaken by previous exploration activity.

Proposed additional verification work includes further resource and geotechnical drilling and review and validation of historical drill core which Equus is currently undertaking.

PEGASO I-V TARGETS

The Pegaso I-V Targets represent five high-priority brownfields targets with a cumulative strike length of more than 3.5km. The targets are located within 2km from the Cerro Bayo 1,500tpd flotation plant and geologically comprise a favourable intersection of underexplored host faults and stratigraphy to potentially host significant mineralisation beneath and along strike from shallow high-grade historic drilling results. During August and early September, the Company announced results from a review of historical data and a geochemical sampling program completed over Pegaso II, III and IV in the preceding months, for which the Company has designed a 25-hole (5,500m) Diamond Drilling program for initial testing of the Pegaso II-III and IV Targets.

Historical Data Review

In August 2020 the Company completed a review of the geology and historical drilling at the Pegaso Targets which indicated good potential for significant gold-silver mineralisation to extend between previously mined areas both the Delia NW and Porvenir-Chatito Mines (Pegaso II) and the Dagny and Porvenir-Chatito Mines (Pegaso III) (Figure 6)⁷ over individual strike lengths of approximately 1km.

Relatively shallow, significant but sparse historical drilling results which indicate good potential at depth along these target trends are shown in longitudinal sections for the Pegaso II and III targets in Figures 4 & 5, the locations of which are shown in Figure 7.

⁷ ASX Announcement - REVIEW OF HISTORICAL DRILLING GENERATES NEW GOLD-SILVER BROWNFIELDS TARGETS AT CERRO BAYO
<https://wcsecure.weblink.com.au/pdf/EQE/02266302.pdf>

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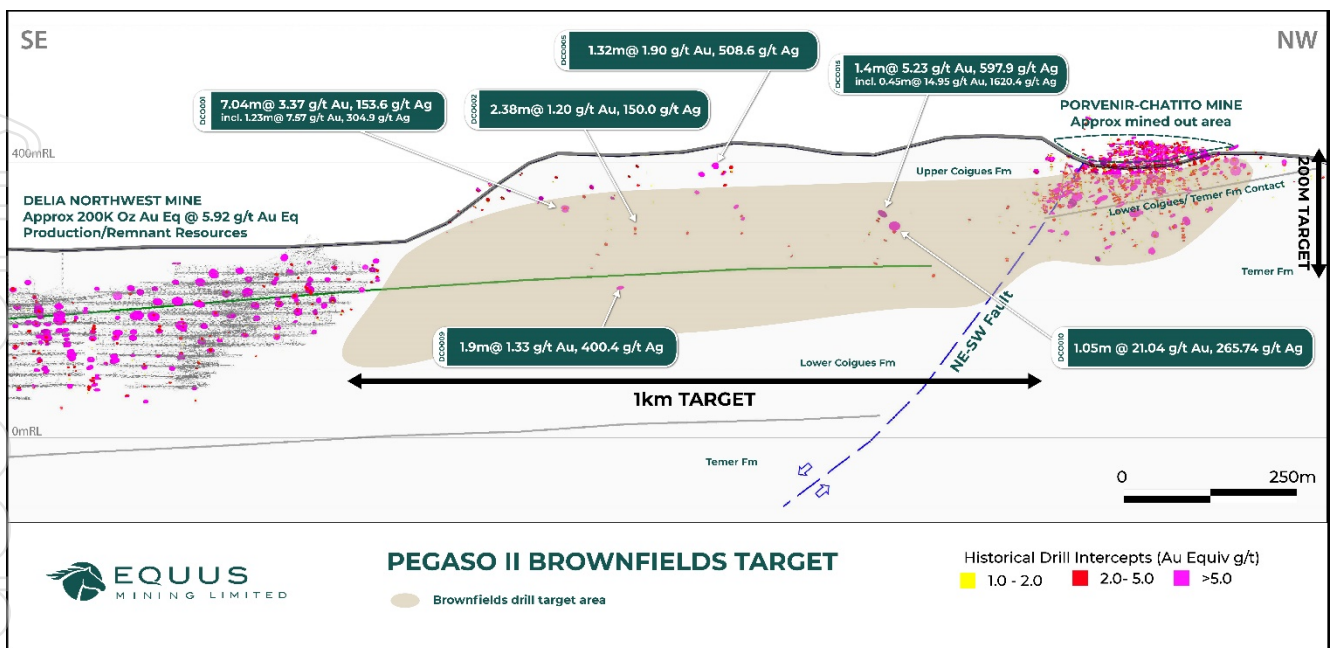


Figure 4 - Pegaso II Brownfields Target, with historical drilling results and target area

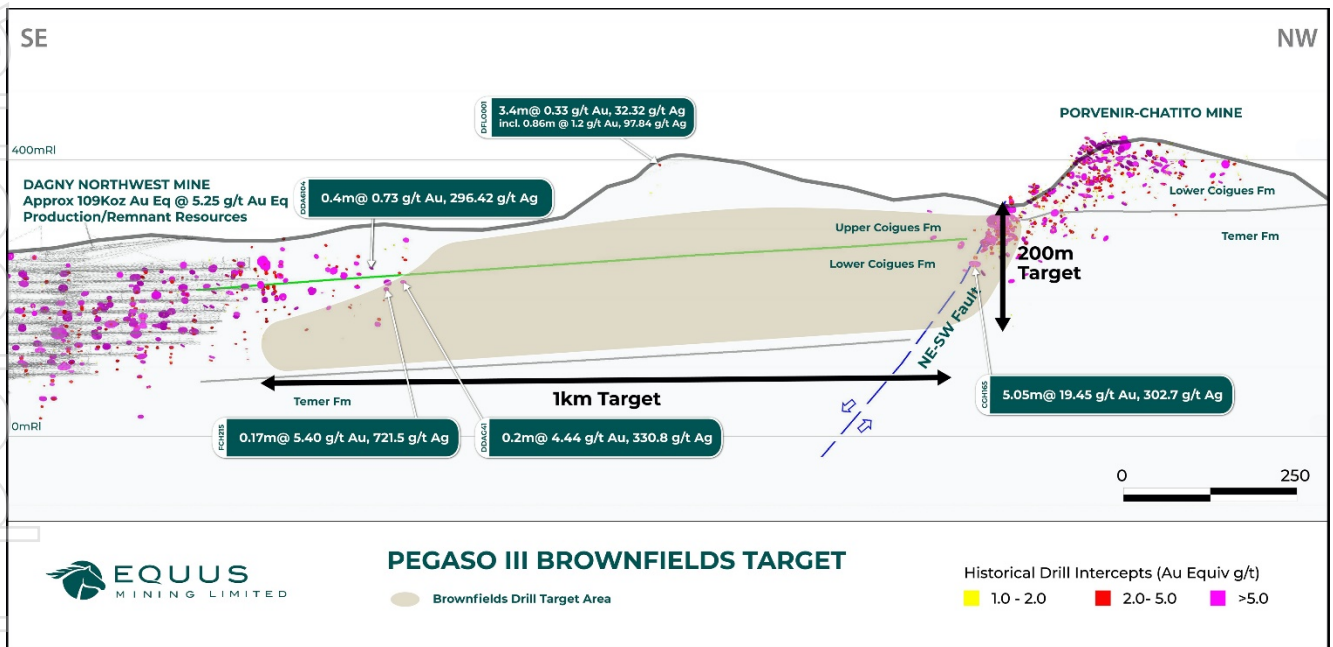


Figure 5 - Pegaso III Brownfields Target, with historical drilling results and target area

Pegaso Target – Initial Drilling Results

First stage drill testing commenced in December 2020 on the Pegaso III target⁸ with the initial focus on defining potential extensions to high-grade historical intercepts⁹ and beneath high Au-Ag grade rock chip geochemical results reported previously¹⁰ & 11 (Figure 6). The targeted extensions to high-grade historical drill intercepts are interpreted to extend individually over approximately 1km along trend between significant centers of historic underground and open pit production.

⁸ ASX Announcement - FURTHER SHALLOW HIGH-GRADE GOLD-SILVER RESULTS EXTENDS FOOTPRINT OF MINERALISED SYSTEM AT DROUGHTMASTER

<https://wsecure.weblink.com.au/pdf/EQE/02316526.pdf>

⁹ ASX Announcement – Review of Historical Drilling Generates New Gold-Silver Brownfields Targets at Cerro Bayo

<https://wsecure.weblink.com.au/pdf/EQE/02266302.pdf>

¹⁰ ASX announcement 25th Aug 2020 Sampling Delivers High Grade Silver Results

<https://wsecure.weblink.com.au/pdf/EQE/02271139.pdf>

¹¹ ASX announcement 11 September 2020 High grade silver rock chip results at Cerro Bayo

<https://wsecure.weblink.com.au/pdf/EQE/02279829.pdf>

³ Based on Mandalay Resources Corporation, Cerro Bayo Mine NI 43-101 Technical Reports dated May 14, 2010. & March 21, 2017 Report #2699

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Post the reporting period the company received initial results from the planned stage 1 drilling at the Pegaso targets. Initial results received from hole CBD045 (total depth 356.8m), provided confirmation that the high grade mineralisation intersected through historical drilling extends and continues along strike between the historical production areas and importantly marginal to the current Taitao conceptual pit boundary.

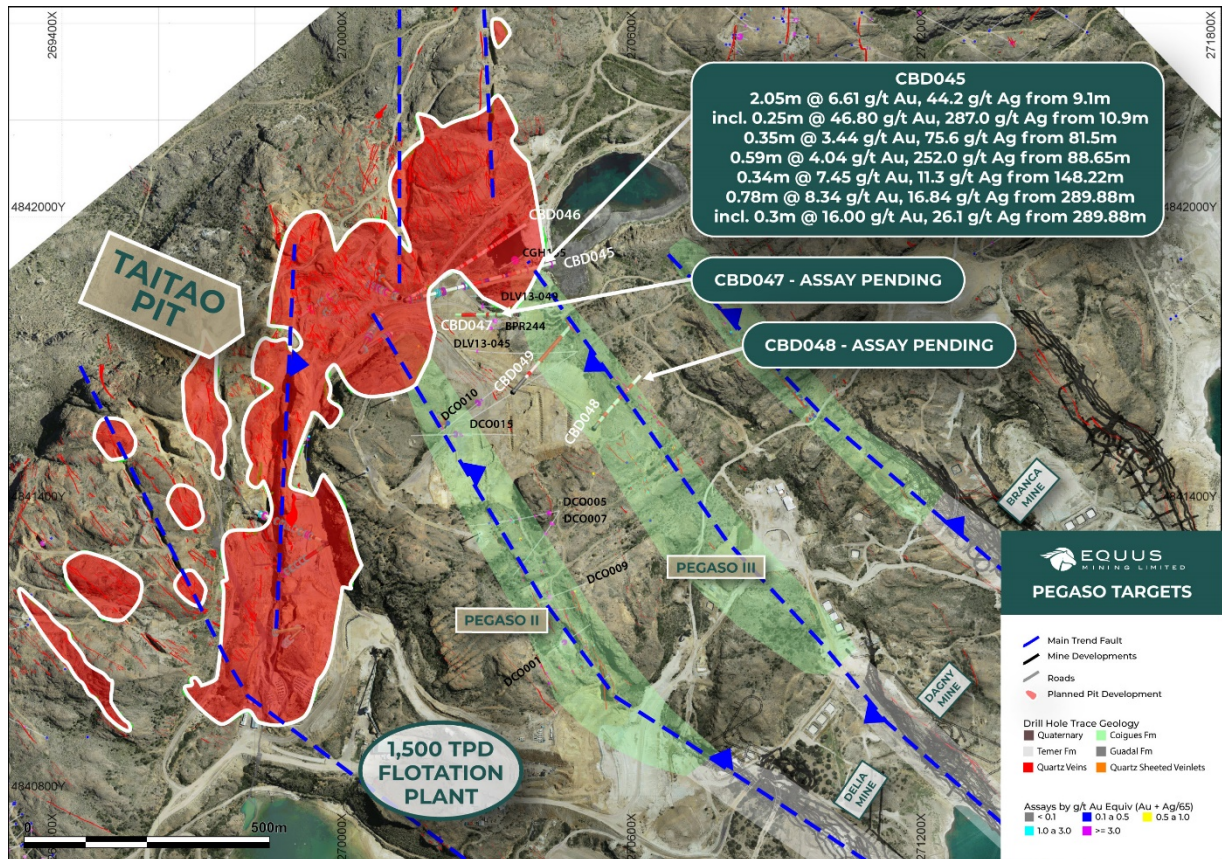


Figure 6 – Pegaso Targets- with location of drill holes and available results, approximate conceptual Taito Pit limit and mapped vein trends

Hole CBD045 was drilled on the southeast margin of the conceptual optimised pit shell based on the maiden Inferred Mineral Resource Estimate (MRE) at the Taitao area and reported multiple significant results including¹²:

- ▶ **2.05m @ 6.61 g/t gold and 44.2 g/t silver (7.29 g/t gold equivalent¹³) from 9.1m including 0.25m @ 46.80 g/t gold, 287.0 g/t silver gold from 10.9m**
- ▶ **0.35m @ 3.44 g/t gold and 75.6 g/t silver (4.6 g/t gold equivalent¹⁷) from 81.5m**
- ▶ **0.59m @ 4.04 g/t gold and 252.0 g/t silver (7.92 g/t gold equivalent¹⁷) from 88.65m**
- ▶ **0.34m @ 7.45 g/t gold and 11.3 g/t silver (7.62g/t gold equivalent¹⁷) from 148.22m**
- ▶ **0.78m @ 8.34 g/t gold and 16.84 g/t silver (8.6 g/t gold equivalent¹⁷) from 289.88m including 0.3m @ 16.00 g/t gold, 26.1 g/t silver from 289.88m**

¹² ASX Announcement - High-Grade Gold-Silver Results at Pegaso And Commencement of Stockpile Processing <https://wsecure.weblink.com.au/pdf/EQE/02340221.pdf>

¹³ Gold equivalent (AuEq) is based on the formula AuEq g/t = Au g/t + (Ag g/t/65)

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To date a total of 3 holes (CBD045, CBD047 and CBD048) totaling 689.6m have been completed on the Pegaso III Target with results pending for the latter two holes. Holes CBD047 and CBD048 were drilled along an approximate 400m long corridor to the southeast, along trend from hole CBD045 and will test continue to test for extension to the high-grade mineralization between the historical production areas.

A further 22 holes of the program are planned to be drilled during Q1-Q2/2021 in order to test the most prospective portions of the cumulative 3.km long Pegaso Target structures.

DROUGHTMASTER

During the the reporting period the Company completed 10 diamond holes of a stage 2 program at Droughtmaster totalling 2,029m, which was designed to target multiple gold-silver mineralised vein structures throughout the prospect area.

Encouraging shallow, high-grade values were returned in October and December from results received for 7 of 10 holes drilled at the Percheron Vein target, with better results including:

Hole CBD037¹⁴:

- ▶ **2.05m @ 2.36 g/t gold, 151.4 g/t silver from 56.40m**, including **0.42m @ 9.86 g/t gold, 469.0 g/t silver (17.07 g/t Au equivalent¹⁶)** from 58.03m
- ▶ **0.24m @ 7.84 g/t gold, 73.0 g/t silver (8.96 g/t Au equivalent¹⁶)** from 66.70m
- ▶ **0.21m @ 13.10 g/t gold, 566.0 g/t silver (21.8 g/t Au equivalent¹⁶)** from 81.6m

Hole CBD039A¹⁵:

- ▶ **3m @ 9.17 g/t gold, 172.9 g/t silver** from 68.75m, including **2.09m @ 12.53 g/t gold, 210.09 g/t silver (15.76 g/t Au equivalent¹⁶)** from 69.18m

The high-grade interval in Hole CBD039A and CBD037 are interpreted to represent the southeastern extension of high-grade mineralisation intercepted in previously reported results from holes CBD016 & CBD020 over an approximate strike length of 90m (Figure 7).

Post the reporting period the Company received further encouraging results from the final 3 holes of stage 2 program at Droughtmaster including¹⁷:

- ▶ CBD042: 1.64 g/t gold and 16.6 g/t silver between 32.26-32.46m and 0.67 g/t gold and 112 g/t silver between 40.35-40.98m
- ▶ CBD043: 1.06 g/t gold and 99.2 g/t silver between 32.05-32.65m
- ▶ CBD044: peak individual value of **0.34m @ 2.16 g/t gold and 31.2 g/t silver** from 68.24m

Hole CBD044 is interpreted to represent the shallow levels of the southeastern extension of high-grade mineralisation intercepted approximately 40m to the northwest in hole CBD039A (Figure 7).

Significant shallow intercepts from historical holes adjacent to and within approximately 150m along trend to the southeast of hole CBD044 include¹⁸ (Figure 7):

- ▶ MH-24: **4.65m @ 2.59 g/t gold, 185.65 g/t silver (5.45 g/t gold equivalent²⁰)** (from 58.60 including **0.76m @ 6.05 g/t gold, 762.6 g/t silver (17.78 g/t gold equivalent²⁰)** from 62.49m
- ▶ MH-29: **3.04m @ 0.65 g/t gold, 113.2 g/t silver (2.39 g/t gold equivalent²⁰)** from 25.13m
- ▶ MH-30: **3.45m @ 1.11 g/t gold, 18.8 g/t silver (1.40 g/t gold equivalent²⁰)** from 56.03m

¹⁴ ASX Announcement - Shallow High-Grade Gold-Silver Results - Droughtmaster
<https://wsecure.weblink.com.au/pdf/EQE/02298655.pdf>

¹⁵ ASX Announcement - Further High Grade Gold Silver Results at Droughtmaster
<https://wsecure.weblink.com.au/pdf/EQE/02316526.pdf>

¹⁶ Gold equivalent (AuEq) is based on the formula $AuEq = Au + (Ag/65)$

¹⁷ ASX Announcement - High-Grade Gold-Silver Results at Pegaso And Commencement of Stockpile Processing
<https://wsecure.weblink.com.au/pdf/EQE/02340221.pdf>

¹⁸ Details regarding the reporting of these historical results can be found on page 12 of this announcement

¹⁹ Based on Mandalay Resources Corporation, Cerro Bayo Mine NI 43 -101 Technical Reports dated May 14, 2010. & March 21, 2017 Report #2699

²⁰ Gold equivalent (AuEq) is based on the formula $AuEq = Au + (Ag/65)$

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Collectively, the above results have defined an approximately 250m long, north westerly trending mineralised series of southwest dipping, sheeted and stockwork quartz veining and hydrothermal brecciation. These were emplaced as hangingwall splays to the large scale, north-west trending Percheron Fault, which has been mapped over a strike length of approximately 3km. To date, results from both the Equus and historical drilling demonstrate that mineralisation remains open both along strike/at depth to the northwest and southeast.

A follow-up drill program is being designed which provisionally comprising 15-hole for a total of approximately 3,000m that will target high grade extensions along the Percheron Vein system (Figure 7).

The Droughtmaster Prospect was identified by Equus as a high priority greenfields target which occupies a similar structural setting to that of the Cerro Bayo vein system, located approximately 3km to the north, which was a principal high grade producing area between 2002-2008 (approximately 2.58 million tonnes @ 4.2 g/t Gold and 346.7 g/t Silver for 348,424 Oz Gold and 28.76 Moz Silver¹).

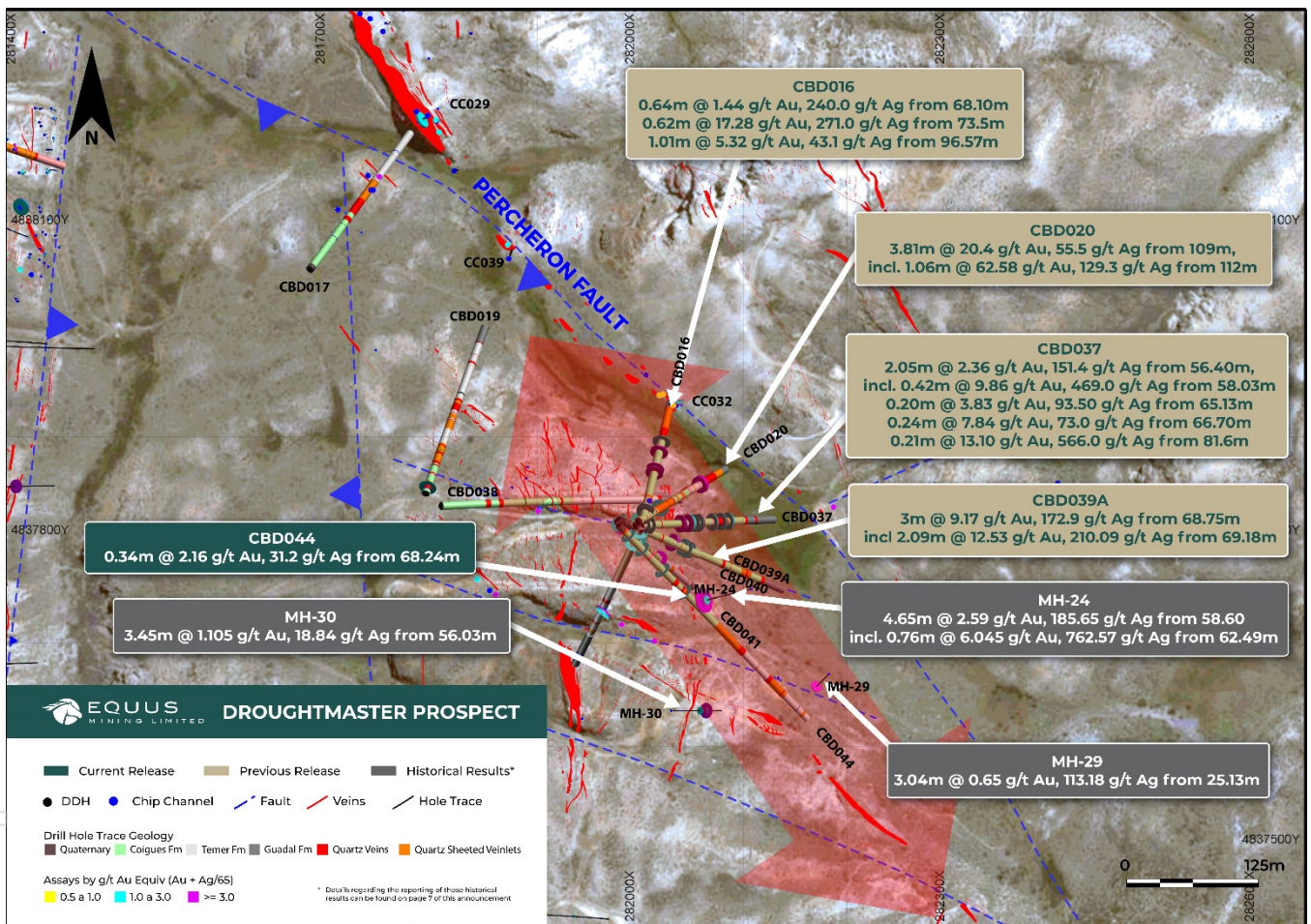


Figure 7 – Droughtmaster Prospect – Plan showing vein outcrop and summary drillhole geochemical results

Reporting of Historic Results From The Pegaso and Droughtmaster Prospects

The above historical results include exploration results collected between approximately 2000-2013. The mining and exploration activity was undertaken up until approximately 2009 by Coeur d'Alene Mines Corporation (now Coeur Mining or "Coeur") and Mandalay Resources from 2010 to 2013. As per ASX requirements, Equus notes that a minor portion of the drill results dating prior to 2005 are not reported in accordance with the National Instrument 43.101 or JORC Code 2012; a competent person has not done sufficient work to disclose the corresponding exploration results in accordance with the JORC Code 2012; it is possible that following further evaluation and/or exploration work that the confidence in the prior reported exploration results may be reduced when reported under the JORC Code 2012; that nothing has come to the attention of Equus that questions the accuracy or reliability of the former owner's exploration results, but Equus is in the process of independently validating the former owner's exploration results and therefore is not to be regarded as reporting, adopting or endorsing those results.

DIRECTORS' REPORT

The levels of gold and silver reported, from past drilling activity, is a key factor in guiding Equus's exploration strategy. The previous drilling activity, which produced these results, involved multiple reverse circulation and diamond drill holes and check assaying, providing Equus with confidence that the results are reliable, relevant and an accurate representation of the available data and studies undertaken by previous exploration activity. Proposed verification work includes further drilling and resampling of historical drill core which Equus is currently undertaking using existing funds.

LOS DOMOS GOLD-SILVER PROJECT

The Los Domos gold-silver project is located 15km south of the township of Chile Chico, Region XI, Chile, and is approximately 20km southeast of the Cerro Bayo gold-silver mine and treatment plant. The project area's altitude range of 800-1200m and the dry, moderate climate in the area permits year-round exploration. During the half-year ended 31 December 2020, the Company performed limited work which predominately related to the maintenance of mining claim tenure and access.

For the remainder of the financial year ending 30 June 2021, the company plans to conduct follow-up geochemical sampling and mapping throughout selective portions of the project area, the targeting of which is driven in large by new exploration concepts that have evolved from the company's exploration activities throughout the nearby Cerro Bayo project.

Potential newly generated drill targets are anticipated to be incorporated into the current Environmental Impact Declaration Study (DIA) which is scheduled to be submitted to the Chilean environmental authorities by the end of the current financial year ending 30 June 2021 in order to permit further drilling activity.

CERRO DIABLO PROJECT

The Cerro Diablo project comprises a 4,554-hectare area which is located approximately 25km to the north of the Cerro Bayo Mine plant infrastructure.

Mapping and sampling to date have defined multiple zones of extensive alteration and precious-base metal bearing quartz vein and hydrothermal breccia hosted mineralisation throughout an approximate 2.1km x 1.2km area, which remains untested by drilling to date.

During the half year ended 31 December 2020, the Company did not undertake exploration activities. Further work including geochemical sampling and mapping is planned during the calendar year ending December 2021 to further advance the definition of drill targets.

COMPETENT PERSON STATEMENT

The information in this report that relates to Exploration Results for the Cerro Bayo and Los Domos Gold-Silver project is based on information compiled by Damien Koerber. Mr Koerber is a director and chief operating officer of the Company. Mr Koerber is a Member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Koerber has a beneficial interest as a shareholder of Equus Mining Limited and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

NO MATERIAL CHANGES

Equus Mining confirms that it is not aware of any new information or data that would materially affect the information included in the quarterly activities report released 30 October 2020 and 28 January 2021 and the market announcement dated 11 February 2021 that all material assumptions and technical parameters in the market announcements continue to apply and have not materially changed.

DIRECTORS' REPORT

Subsequent Events

No other matters or circumstances have arisen since the end of the reporting period, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on page 15 and forms part of the Directors' Report for the half year ended 31 December 2020.

Signed at Sydney this 15th day of March 2021
in accordance with a resolution of the Board of Directors:



Mark H. Lochtenberg
Non-Executive Chairman



John R. Braham
Executive Director



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Equus Mining Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Equus Mining Limited for the half-year ended 31 December 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Jason Adams
Partner

Brisbane

15 March 2021

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2020

	Notes	Consolidated	
		31 December 2020 \$	31 December 2019 \$
CONTINUING OPERATIONS			
Other income	3	52,651	13,211
Expenses			
Employee, directors and consultants costs		(578,690)	(691,305)
Travel expenses		-	(70,755)
Other expenses		(357,645)	(367,213)
Loss before income tax		(883,684)	(1,116,062)
Income tax benefit/(expense)		-	-
Loss for the period		(883,684)	(1,116,062)
Other comprehensive income for the period			
Items that may be classified subsequently to profit or loss			
Exchange differences on translation of foreign operations		279,065	(539,554)
		279,065	(539,554)
Items that will not be classified to profit or loss			
Net change in fair value of equity instruments at fair value through other comprehensive income		(6,382)	145,503
Total other comprehensive gain/(loss)		272,683	(394,051)
Total comprehensive loss for the period		(611,001)	(1,510,113)
Loss for the period attributable to:			
Equity holders of the Company		(882,678)	(1,116,062)
Non-controlling interest		(1,006)	-
		(883,684)	(1,116,062)
Total Comprehensive loss attributable to:			
Equity holders of the Company		(609,995)	(1,510,113)
Non-controlling interest		(1,006)	-
		(611,001)	(1,510,113)
Earnings per share			
Basic and diluted loss per share attributable to ordinary equity holders		(0.05) cents	(0.09) cents

The above Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

Condensed Consolidated Interim Statement Of Financial Position

As at 31 December 2020

		Consolidated	
	Notes	31 December 2020	30 June 2020
		\$	\$
Current Assets			
Cash and cash equivalents		2,597,439	1,304,130
Receivables		41,391	14,806
Total Current Assets		2,638,830	1,318,936
Non-Current Assets			
Other financial assets	4	6,898	14,802
Exploration and evaluation expenditure	5	8,629,505	6,895,276
Total Non-Current Assets		8,636,403	6,910,078
Total Assets		11,275,233	8,229,014
Current Liabilities			
Payables		471,981	352,742
Total Current Liabilities		471,981	352,742
Total Liabilities		471,981	352,742
Net Assets		10,803,252	7,876,272
Equity			
Issued capital	6	124,307,758	121,182,362
Equity based compensation reserve	7	717,918	338,833
Fair value reserve	7	395,779	402,161
Foreign currency translation reserve	7	(954,957)	(1,234,022)
Accumulated losses		(113,668,845)	(112,819,667)
Parent entity interest		10,797,653	7,869,667
Non-controlling interest		5,599	6,605
Total Equity		10,803,252	7,876,272

The above Condensed Consolidated Interim Statement of Financial Position should be read in conjunction with the accompanying notes.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

Condensed Consolidated Interim Statement Of Changes In Equity
For the half year ended 31 December 2020

Consolidated	Issued capital	Accumulated losses	Equity Based reserve	Fair Value reserve	Foreign currency translation reserve	Total	Non-controlling Interest	Total equity
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	116,371,685	(111,091,507)	-	745,532	(203,983)	5,821,727	-	5,821,727
Loss for the period	-	(1,116,062)	-	-	-	(1,116,062)	-	(1,116,062)
Total other comprehensive income	-	-	-	145,503	(539,554)	(394,051)	-	(394,051)
Total comprehensive loss for the period	-	(1,116,062)	-	145,503	(539,554)	(1,510,113)	-	(1,510,113)
Transactions with owners recorded directly in equity								
Ordinary shares issued	5,132,059	-	-	-	-	5,132,059	-	5,132,059
Transaction costs on issue of shares	(369,147)	-	-	-	-	(369,147)	-	(369,147)
Share base payment	-	-	338,833	-	-	338,833	-	338,833
Acquisition of non-controlling interest	-	-	-	-	-	-	8,096	8,096
Balance at 31 December 2019	121,134,597	(112,207,569)	338,833	891,035	(743,537)	9,413,359	8,096	9,421,455
Balance at 1 July 2020	121,182,362	(112,819,667)	338,833	402,161	(1,234,022)	7,869,667	6,605	7,876,272
Loss for the period	-	(882,678)	-	-	-	(882,678)	(1,006)	(883,684)
Total other comprehensive income	-	-	-	(6,382)	279,065	272,683	-	272,683
Total comprehensive loss for the period	-	(882,678)	-	(6,382)	279,065	(609,995)	(1,006)	(611,001)
Transactions with owners recorded directly in equity								
Ordinary shares issued/options issued	3,536,300	-	-	-	-	3,536,300	-	3,536,300
Transaction costs on issue of shares	(410,904)	-	-	-	-	(410,904)	-	(410,904)
Transfer Expired options	-	33,500	(33,500)	-	-	-	-	-
Share base payment	-	-	412,585	-	-	412,585	-	412,585
Balance at 31 December 2020	124,307,758	(113,668,845)	717,918	395,779	(954,957)	10,797,653	5,599	10,803,252

The above Condensed Consolidated Interim Statement of Changes in Equity should be read in conjunction with the accompanying notes.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

Condensed Consolidated Interim Statement Of Cash Flows

For the half year ended 31 December 2020

	Consolidated	
	31 December 2020	31 December 2019
	\$	\$
Cash flows from operating activities		
Cash receipts in the course of operations	50,000	-
Cash payments in the course of operations	<u>(709,935)</u>	<u>(554,468)</u>
Net cash used in operations	(659,935)	(554,468)
Interest received	2,651	6,506
Net cash used in operating activities	<u>(657,284)</u>	<u>(547,962)</u>
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(1,326,174)	(575,344)
Proceeds from sale of financial assets	-	11,378
Net cash used in investing activities	<u>(1,326,174)</u>	<u>(563,966)</u>
Cash flows from financing activities		
Proceeds from share issues	3,500,000	5,027,809
Transaction costs on share issue	<u>(218,319)</u>	<u>(369,147)</u>
Net cash provided by financing activities	<u>3,281,681</u>	<u>4,658,662</u>
Net (decrease)/increase in cash held	1,298,223	3,546,734
Cash at the beginning of the reporting period	1,304,130	398,819
Effect of exchange rate fluctuation on cash held	<u>(4,914)</u>	<u>-</u>
Cash and cash equivalents at 31 December	<u><u>2,597,439</u></u>	<u><u>3,945,553</u></u>

The above Condensed Consolidated Interim Statement of Cash Flows should be read in conjunction with the accompanying notes.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 December 2020

1. REPORTING ENTITY

Equus Mining Limited (the 'Company') is a company domiciled in Australia. The condensed consolidated interim financial statements, of the Company as at and for the half year ended 31 December 2020 comprises the Company and its subsidiaries (together referred to as the 'Group'). The Group is a for-profit entity and is primarily engaged in identifying and evaluating gold-silver resource opportunities in southern Chile, South America.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2020 are available upon request from the Company's registered office at Level 2, 66 Hunter Street, Sydney, NSW, 2000 or at www.equusmining.com.

2. BASIS OF PREPARATION

(a) Statement of compliance

The condensed consolidated interim financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2020. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

This condensed consolidated interim financial report was approved by the Board of Directors on 15 March 2021.

(b) Going concern

The condensed consolidated interim financial statements have been prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

During the period the Company raised \$3,281,681 (net of associated cash costs) through share placements.

For the half-year ended 31 December 2020 the Group has incurred a loss attributable to equity holders of the Company of \$882,678 and has accumulated losses of \$113,668,845 as at 31 December 2020. The Group used \$1,983,458 of cash in operations, including payments for exploration and evaluation activities totalling \$1,326,174, for the half year ended 31 December 2020 and had cash on hand of \$2,597,439 at 31 December 2020.

The Directors have prepared cash flow projections that support the ability of the Group to continue as a going concern. The cash flow projections assume the Group continues substantial exploration activities in the Cerro Bayo area of interest which will require additional funding from shareholders or other parties that is yet to be secured at the date of this report. If such funding is not secured, the Group plans to reduce expenditure to the level of funding available.

These conditions give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. The ongoing operations of the Group are dependent upon the Group raising additional funding from shareholders or other parties and/or the Group reducing expenditure in-line with available funding.

In the event that the Group does not obtain additional funding and/or reduce expenditure in line with available funding, it may not be able to continue its operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the consolidated financial statements.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
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31 December 2020

2. BASIS OF PREPARATION (continued)

(c) Estimates

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated annual financial statements for the year ended 30 June 2020.

Fair value of Options

There were estimates were used to value the issue of 403,888,889 options issued on 16 September 2020, 25,000,000 options issued on 25 November 2020 and 2,500,000 options issued on 1 December 2020 with a combined fair value of \$412,585. Estimates used in this valuation are outlined in Note 6(b).

(d) Changes in Accounting Policies

The accounting policies used are consistent with those applied in the 30 June 2020 financial report.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
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31 December 2020

3. LOSS BEFORE INCOME TAX

	Consolidated	
	31 December	31 December
	2020	2019
	\$	\$
The following items are relevant in explaining the financial performance for the half year:		
Interest income on cash deposits	2,651	6,506
Foreign exchange gain	-	6,705
Government grant	50,000	-
Total	52,651	13,211

4. INVESTMENTS

At 31 December 2020, the Group holds 1,327,000 shares (30 June 2020: 1,327,000) in Blox Inc., a US over the counter traded company at which had a closing share price of US\$0.0044 at 31 December 2020 (30 June 2020: US\$0.0077).

The Group recognises its financial assets at fair value and classified its investments as follows:

	Consolidated	
	31 December	30 June
	2020	2020
	\$	\$
<i>Equity instruments at fair value through other comprehensive income</i>		
Equity securities – Investment in Blox Inc	6,898	14,802

Equity instruments at fair value through other comprehensive income are equity instruments which the Group intends to hold for the foreseeable future. Any dividends received are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in the fair value reserve in OCI and are never reclassified to profit or loss.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
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31 December 2020

5. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2019	30 June 2020
	\$	\$
Los Domos (gold-silver)	4,938,143	4,743,528
Cerro Diablo (gold-silver)	65,343	58,423
Cerro Bayo (gold-silver)	3,626,019	2,093,325
Net Book Value	<u>8,629,505</u>	<u>6,895,276</u>
Los Domos (gold-silver)		
Balance at beginning of the period	4,743,528	5,173,477
Additions	6,663	435,360
Foreign currency translation movement	187,952	(865,309)
Net book value	<u>4,938,143</u>	<u>4,743,528</u>
Cerro Diablo (gold-silver)		
Balance at beginning of the period	58,423	55,082
Additions	4,476	13,507
Foreign currency translation movement	2,444	(10,166)
Net book value	<u>65,343</u>	<u>58,423</u>
Cerro Bayo (gold-silver)		
Balance at beginning of the period	2,093,325	-
Additions	1,427,442	2,292,035
Foreign currency translation movement	105,252	(198,710)
Net book value	<u>3,626,019</u>	<u>2,093,325</u>

The ultimate recoupment of exploration and evaluation expenditure is dependent on the successful development and commercial exploitation, or alternatively sale of the respective areas of interest.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
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31 December 2020

6. ISSUED CAPITAL

(a) Issued and paid-up share capital

	Consolidated			
	31 December 2020		30 June 2020	
	Number	\$	Number	\$
Ordinary shares, fully paid at 1 July	1,412,045,355	121,182,362	897,276,863	116,371,685
<i>Movement in Ordinary Shares:</i>				
Issued ordinary shares	-	-	502,780,992	5,027,809
Issued ordinary shares - 14 October 2019 non cash	-	-	8,687,500	104,250
Issued ordinary shares - 12 May 2020 non cash	-	-	3,300,000	19,800
Issued ordinary shares ⁽¹⁾	388,888,889	3,500,000	-	-
Issued ordinary shares - 9 December 2020 non cash	3,300,000	36,300	-	-
Less cost of issue	-	(410,904)	-	(341,182)
	1,804,234,244	124,307,758	1,412,045,355	121,182,362

On 20 July 2020, the Company announced a share placement of 388,888,889 in two tranches

⁽¹⁾ Pursuant to tranche 1, the Company issued 348,886,300 ordinary shares under the offer at \$0.009 per share raising \$3,139,976 before costs.

⁽¹⁾ Pursuant to tranche 2, the Company issued 40,002,589 ordinary shares under the offer at \$0.009 per share raising \$360,024 before costs.

Shares issued on 9 December 2020 and 12 May 2020 related to the issued of shares as consideration for Geological Technical Services provided in connection with the Cerro Bayo project in southern Chile.

During the year ended 30 June 2020, the Company issued 450,000,00 ordinary shares under a placement to institutional and sophisticated investor totalling \$4,499,999 and a Non-Renounceable Rights Issue to eligible shareholders of 52,780,992 ordinary shares totalling \$527,810. The total issue cost of \$341,182 for the placement and the rights issue was recognised as a reduction in proceeds of the issue of these shares.

Shares issued on 14 October 2019 related to the acquisition of 75% interest in three mining concessions owned by Patagonia Gold Sociedad Contractual Minera ('Patagonia') which form part of the Los Domos Project.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) Share Options

- The Company announced on 20 July 2020, a share placement of 388,888,889 shares. For every one placement share, the company issued one free attaching option. The options are unlisted and have an exercise price of \$0.015, vest immediately and expire on 16 September 2023.

The Company has recognised these options as part of the issued share capital amount recorded of \$3,500,000 within equity and no allocation to reserves has been made in accordance with the Group's accounting policy.

- The Company announced on 20 July 2020, pursuant to the share placement to grant 15,000,000 unlisted options to the brokers of the placement. The options have an exercise price of \$0.015, vest immediately and expire on 16 September 2023.

The fair value of the options was \$192,585. The Black-Scholes formula model inputs were the Company's share price of \$0.017 at the grant date, a volatility factor of 129.63% based on historical share price performance and a risk-free interest rate of 0.24% based on the 3-year government bond rate.

As the options are not subject to vesting conditions, the total grant date fair value of \$192,585 (30 June 2020: \$nil) has been recognised in equity as cost of the offer in the half year ended 31 December 2020.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 December 2020

6. ISSUED CAPITAL (Cont.)

(b) Share Options (Cont.)

- On 25 November 2020, 20,000,000 unlisted options were granted to the Managing Director ('MD') and 5,000,000 options were granted to Chief Operating Officer ('COO') as follows:

	Number of options	Exercise price	Vesting	Expiry Date	Fair Value
Tranche 1	8,333,332	\$0.022	Immediately	25 November 2023	\$58,333
Tranche 2	8,333,334	\$0.025	Immediately	25 November 2024	\$66,667
Tranche 3	8,333,334	\$0.027	Immediately	25 November 2025	\$75,000

The fair value of the options granted on 25 November 2020 to the MD and the COO was \$200,000. The Black-Scholes formula model inputs were the Company's share price of \$0.011 at the grant date, a volatility factor of 136.2% based on historical share price performance and a risk-free interest rate of 0.11% based on the 3-year government bond rate.

- On 1 December 2020, 2,500,000 unlisted options were granted to the Group's Exploration Manager. The options have an exercise price of \$0.022, vest immediately and expire on 1 December 2023.

The fair value of the options granted to the Exploration Manager was \$20,000. The Black-Scholes formula model inputs were the Company's share price of \$0.012 at the grant date, a volatility factor of 137.27% based on historical share price performance and a risk-free interest rate of 0.12% based on the 3-year government bond rate.

- The options issued to the MD, COO and the Exploration manager are not subject to vesting conditions, the total grant date fair value of \$220,000 (30 June 2020: \$338,833) has been recognised as an expense in the half year ended 31 December 2020. The expense has been included in "employee, director and consultants costs" in the income statement.

- On 14 October 2019, 15,000,000 unlisted options were granted to the Managing Director ('MD') as follows:

	Number of options	Exercise price	Vesting	Expiry Date	Fair Value
Tranche 1	5,000,000	\$0.03	Immediately	13 November 2020	\$33,500
Tranche 2	5,000,000	\$0.05	Immediately	13 November 2021	\$43,000
Tranche 3	5,000,000	\$0.07	Immediately	13 November 2023	\$59,000

The fair value of the options granted on 14 October 2019 to the MD was \$135,500. The Black-Scholes formula model inputs were the Company's share price of \$0.0155 at the grant date, a volatility factor of 152.6% based on historical share price performance and a risk-free interest rate of 0.71% based on the 2-year government bond rate.

- On 29 October 2019, 20,000,000 unlisted options were granted to the Managing Director as follows:

	Number of options	Exercise price	Vesting	Expiry Date	Fair Value
Tranche 1	6,666,666	\$0.027	Immediately	13 November 2021	\$56,000
Tranche 2	6,666,666	\$0.030	Immediately	13 November 2022	\$67,333
Tranche 3	6,666,667	\$0.035	Immediately	13 November 2024	\$80,000

The fair value of options granted on 29 November 2019 to the MD was \$203,333. The Black-Scholes formula model inputs were the Company's share price of \$0.014 at the grant date, a volatility factor of 149.46% based on historical share price performance and a risk-free interest rate of 0.65% based on the 3-year government bond rate.

As the options are not subject to vesting conditions, the total grant date fair value of \$338,833 has been recognised as an expense in the half year ended 31 December 2019. The expense has been included in "employee, director and consultants costs" in the income statement.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL
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31 December 2020

7. RESERVES

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Equity based compensation reserve (a)	717,918	338,833
Fair value reserve (b)	395,779	402,161
Foreign currency translation reserves (c)	(954,957)	(1,234,022)
	158,740	(493,028)
(a) Equity based compensation reserve		
Balance at beginning of period	338,833	-
Share based payment – vested share options	412,585	338,833
Expiry of options	(33,500)	-
Balance at end of period	717,918	338,833
(b) Fair value reserve		
Balance at beginning of period	402,161	745,532
Net change in fair value	(6,382)	(343,371)
Balance at end of period	395,779	402,161
(c) Foreign currency translation reserves		
Balance at beginning of period	(1,234,022)	(203,983)
Currency translation differences	279,065	(1,030,039)
Balance at end of period	(954,957)	(1,234,022)

8. OPERATING SEGMENTS

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (the chief operating decision makers) in assessing performance and determining the allocation of resources. The Group is managed primarily on a geographical basis which involves the exploration of minerals in the Republic of Chile. Operating segments are determined on the basis of financial information reported to the board which is at the consolidated entity level.

Accordingly, management currently identifies the Group as having only one reportable segment, being mineral exploration. The financial results from this segment are equivalent to the financial statements of the consolidated Group as a whole.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 December 2020

9. EVENTS OCCURRING SUBSEQUENT TO 31 DECEMBER 2020

No matters or circumstances have arisen since the end of the reporting period, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

10. RELATED PARTIES

Transactions with key management personnel

During the period, the Group issued a total of 20,000,000 (31 December 2019: 35,000,000) unlisted options to Mr John Braham all options vested on the issued date, expiring between 25 November 2023 and 25 November 2025. (see note 6(b)).

During the period, the Group issued a total of 5,000,000 (31 December 2019: nil) unlisted options to Mr Damien Koerber all options vested on the issued date, expiring between 25 November 2023 and 25 November 2025. (see note 6(b)).

No other director has entered into a material contract with the Group since the previous financial year and there were no material contracts involving directors' interests existing at 31 December 2020.

11. FINANCIAL INSTRUMENTS

Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 June 2020.

Carrying amounts versus fair values

The carrying amounts of financial assets and financial liabilities included in the balance sheet approximate fair values.

Financial instruments carried at fair value

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Financial assets</i>				
31 December 2020	-	6,898	-	6,898
30 June 2020	-	14,802	-	14,802

The financial assets held at 31 December 2020 and 30 June 2020 relate to investments held in quoted equity securities and were designated as equity instruments at fair value through other comprehensive income. There has been no change in the valuation techniques during the half-year ended 31 December 2020.

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' DECLARATION

31 December 2020

In the opinion of the directors of Equus Mining Limited (the 'Company'):

- (a) the financial statements and notes set out on pages 16 to 27, are in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed at Sydney this 15th day of March 2021
in accordance with a resolution of the Board of Directors:



Mark H. Lochtenberg
Chairman



John R. Braham
Executive Director



Independent Auditor's Review Report

To the shareholders of Equus Mining Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Equus Mining Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Equus Mining Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2020;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the half-year ended on that date;
- Notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises Equus Mining Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of Equus Mining Limited, would be in the same terms if given to the Directors as at the time of this Auditor's Review Report.

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Material uncertainty related to going concern

We draw attention to Note 2(b), "Going Concern" in the Interim Financial Report. The events or conditions disclosed in Note 2(b), indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Interim Financial Report. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG
Brisbane
15 March 2021

Jason Adams
Partner

EQUUS MINING LIMITED AND ITS CONTROLLED ENTITIES

CORPORATE DIRECTORY

Directors:

Mr Mark H. Lochtenberg (Chairman)
Mr John R. Braham (Managing Director)
Mr Damien J. Koerber (Executive Director - COO)
Mr Robert A. Yeates (Non-Executive Director)

Company Secretary:

Mr Marcelo Mora

Principal Place of Business and Registered Office:

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Email: info@equusmining.com
Homepage: www.equusmining.com

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Share Registrar:

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Solicitors:

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